

SA2004RF0035

Title and Initiative Summary Request
(ix 9002).

November 30, 2004

Tricia Knight
Initiative Coordinator
Office of the California Attorney General
P.O. Box 944255
Sacramento, CA 94244-2550

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DEC 03 2004

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Dear Ms Knight:

On behalf of **<http://www.renaissanceamerica.org>** the proponent of this Initiative, I would like to take this opportunity to request that a title and summary of the chief purpose and points of the proposed initiative measure be prepared by the Office of the Attorney General Initiative Coordinator section.

Respectfully,

David K. Johnson
Chairman and CEO, Renaissance America
P.O. Box 3126
Beverly Hills, CA. 90212

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Initiative Petition Signatures Use Statement
(Â§ 9608):

I, David K. Johnson, acknowledge that it is a misdemeanor under state law (Section 18650 of the Elections Code) to knowingly or willfully allow the signatures on an initiative petition to be used for any purpose other than qualification of the proposed measure for the ballot. I certify that I will not knowingly or willfully allow the signatures for this initiative to be used for any purpose other than qualification of the measure for the ballot. This statement shall be kept on file at the Attorney General's Office for not less than eight months after the certification of the results of the election for which the petition qualified or, if the measure did not qualify, eight months after the deadline for submission of the petition to elections officials.

David K. Johnson
Chairman and CEO, Renaissance America
P.O. Box 3126
Beverly Hills, CA. 90212

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PROPOSED AMENDMENT TO THE CALIFORNIA CONSTITUTION

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds a new article to the California Constitution.

ARTICLE XX. CALIFORNIA CAPITALISM - CITIZEN COOPERATIVE INVESTMENT, ECONOMIC DEVELOPMENT, BUSINESS ATTRACTION, BUSINESS DEVELOPMENT, COST OF DOING BUSINESS REDUCTION, JOB CREATION, SOCIAL AND ECONOMIC JUSTICE.

Overview: This article establishes a special class of industrial banks called "Economic Development banks" that shall accept time deposits from California workers who direct their employers to directly deposit or who themselves deposit funds that can be used by Economic Development bank institutions to invest in or make loans to businesses and other enterprises targeting economic development, business attraction, job creation or cost of doing business reduction in new and existing California communities. Developments may be industrial, commercial, social, entertainment, retail, service, structural, residential or any combination thereof, and may be one structure but are not limited to one structure or type of development. Developments may include entire planned communities in rural areas, urban villages within existing communities or several different but related developments in several different areas.

SECTION 1. CAPITALISM: Capital is required by the People of the State California in order to meet our needs and guarantee for ourselves the freedom, independence and inalienable rights - enjoying and defending life and liberty, acquiring, possessing, and protecting property, and pursuing and obtaining safety, happiness, and privacy - declared in the ARTICLE 1 DECLARATION OF RIGHTS section of this constitution.

- a) Overall Objective - The overall objective of this article is to make Capitalism more effective in meeting the needs of Californians by helping more of People of the State of California become capitalists and participate in capitalist activities. The public interest is better served when citizens own and control the institutions that form their environment. The inalienable rights of all Californians are better able to be assured when citizens have more capital resources available to meet their needs, buy from one another and use in exercising their freedom - "enjoying and defending life and liberty, acquiring, possessing, and protecting property, and pursuing and obtaining safety, happiness, and privacy."
- b) Strategy - To achieve this overall objective, Economic Development banks shall be established as institutions designed to allow communities and population segments to pool their capital resources to finance the development of their neighborhoods and other business enterprises that serve their interests.
 - 1) To reduce risk in the development of communities and enterprises as well as to reduce the cost of doing business in California this article is written in the hope that it will produce a partnership between established successful businesses and the working People of the State California. If the goals of this article are achieved a partnership in which Californians provide labor as well as capital investment in new plants, franchises and equipment while corporate America provides management, marketing and product distribution will be established.
 - 2) A purpose of this article shall be to help small businesses become successful subcontractors to help support the citizen/corporate partnership so that citizens within California communities may not only work within the partnership enterprise but also create even more jobs and own more of the institutions that form their environment.

- 3) This article shall provide a legal framework for funding small business community development related and unrelated to citizen/corporate partnership enterprises.
- 4) This article is written to help Californians create a culture of social and economic justice by providing all Californians greater access to the capital resources required to gather the fruits of capital formation in their lives, their communities, their jobs, their social networks and in the state of California.
- 5) This article provides a mechanism and the legal framework for cooperative citizen investment in existing and new businesses that serve markets in which there are few or no domestic producers of needed goods or services.

SECTION 2. DECLARATION: The People of California find and declare as follows:

The state of California is and should be a free market capitalist representative democracy with an initiative process for citizen popular democratic participation.

That too few citizens are capitalists - private holders and owners of the means of production – for capitalism to meet all the needs of all of the People of California.

That many have suffered due to a lack of access to capital and a lack of capital formation devoted to serving the needs of large segments of our society.

That they have suffered because job creation in entire communities has been left up to capitalists who are not part of the community and have no inherent interest in the development or well being of the community.

That they have suffered because no capital formation mechanism exists that can facilitate members of communities deciding for themselves the type of new business activities they would like to see in their communities.

That they have suffered because no capital formation mechanism exists that responds adequately to create enough jobs for citizens that pay a wage that makes realizing and actualizing their inalienable rights possible.

That they have suffered because no capital formation mechanism exists that responds adequately to develop businesses, conveniences and services in historically economically depressed communities.

That they have suffered because no capital formation mechanism exists that responds adequately to investing in alternative energy production and distribution enterprises.

That they have suffered because no capital formation mechanism exists that responds adequately to develop businesses to serve the specific needs of minority communities.

That they have suffered because no capital formation mechanism exists that responds adequately to develop economic and social development enterprises in historically challenged segments of the California citizenry in particular.

That they have suffered because no capital formation mechanism exists that responds adequately to reversing the decline of above average wage paying aerospace industry jobs.

That they have suffered because no capital formation mechanism exists that responds adequately to maintaining and increasing entertainment industry production within the state.

That they have suffered because no capital formation mechanism exists that responds adequately to investing in economic activities designed to improve the quality of life for all Californians.

That they have suffered because no capital formation mechanism exists that responds adequately to provide quality affordable healthcare for all citizens of California.

New Capital formation mechanisms must be created to meet the collective and individual capital needs of citizens that they may guarantee for themselves their inalienable rights, enjoy life, pursue happiness and acquire, possess as well as protect property.

SECTION 3. ECONOMIC DEVELOPMENT BANKS: The State of California shall allow private and incorporated entities to be established and chartered as Economic Development banks.

Economic Development banks shall be as Industrial banks capable of making economic development investments, making of loans and acceptance of deposits, including deposits evidenced by bills, notes, other commercial paper, investment or thrift certificates, but excluding demand deposits (Economic Development accounts shall be time deposit only accounts).

- (a) Economic Development banks shall inform depositors of the time period of maturity and expected return rate of deposits at the time of the initial deposit and periodically throughout the duration of the economic development period.
- (b) Economic Development banks may transfer initial deposits into commercial banks until investment thresholds are reached.
- (c) Small Economic Development banks, those with less than 250,000,000 dollars in deposits, shall not make small business loans to businesses that are not franchises of proven successful business enterprises in the first year of their operation.
- (d) Small Economic Development banks shall limit the sum of all small business loans to twenty-five percent of total deposits.
- (e) No California state government department, branch or entity shall place limits on the size, scope or operations of any Economic Development bank investment that serves the public, an economic development or targeted population segment interest.
- (f) Economic Development banks shall not be subject to annual assessment levies of the State or any department or commission of the executive, legislative or judicial branch of the government of the state of California.
- (g) Economic Development banks shall not be commercial banks.
- (h) Economic Development banks may be owned by entities incorporated in other states within the United States provided they also meet the other requirements of ownership within this article.
- (i) The state of California may not deny a bank charter solely because the entity requesting the charter is incorporated in another state of the United States of America.
- (j) Economic Development banks shall be chartered to achieve broad objectives such as community development and specific goals such as a specific number of jobs created, products/services produced/provided or industries created/supported.
- (k) Economic Development banks may be owned by individuals and may be owned in whole or in part by U.S. citizens only.
- (l) Economic Development banks shall publish their goals and objectives.
- (m) Economic Development banks shall publish rates of return and the time required for investors/depositors to realize that return for each chartered goal.
- (n) Each Economic Development bank shall maintain a ten percent capital reserve.
- (o) Economic Development banks may use deposits as capital reserve.
- (p) Economic Development banks may be chartered to provide capital for Aerospace industry project business development in California

- (q) Economic Development banks may be chartered to provide capital for Entertainment industry business development in California.
- (r) Economic Development banks may be chartered to provide capital for Healthcare industry business development in California.
- (s) Economic Development banks may be chartered to provide capital for Education related business development in California.
- (t) Economic Development banks may be chartered to provide capital for alternative energy resource development in California.
- (u) Economic Development banks may be chartered to provide capital for transportation industry development in California.
- (v) Economic Development banks shall be chartered to provide capital for African American community development in California.
- (w) Economic Development banks may be chartered to provide capital for descendents of U.S. slaves community development in California.
- (x) Economic Development banks may be chartered to provide capital for Jewish American community development in California.
- (y) Economic Development banks may be chartered to provide capital for Persian American community development in California.
- (z) Economic Development banks may be chartered to provide capital for Mexican American community development in California.
- (aa) Economic Development banks may be chartered to provide capital for Urban economic development in California.
- (bb) Economic Development banks may be chartered to provide capital for Latino (Caribbean, Central and South) American community development in California.
- (cc) Economic Development banks may be chartered to provide capital for Indian American community development in California.
- (dd) Economic Development banks may be chartered to provide capital for Russian and eastern European American community development in California.
- (ee) Economic Development banks may be chartered to provide capital for Native American community development in California.
- (ff) Economic Development banks may be chartered to provide capital for Asian (Chinese, Japanese, Korean, Filipino, Vietnamese, Malaysian, Indonesian, etc.) American community development in California.
- (gg) Economic Development banks may be chartered to provide capital for the needs of women in California.
- (hh) Economic Development banks may be chartered to provide capital for the needs of seniors in California.
- (ii) Economic Development banks may be chartered to provide capital for community development in California of any community of common interest.
- (jj) Economic Development banks may be chartered to provide capital for the needs of sororities, fraternities, churches, synagogues, unions, professional organizations, etc. in California.
- (kk) Economic Development banks may be chartered to provide capital for the needs of lower and middle class, "white", men of European descent in California.
- (ll) Economic Development banks may use the states eminent domain powers to secure undeveloped land if the land is to be used to create an enterprise that will employ over one thousand citizens.
- (mm) The Economic Development banks that can establish that they will create the highest paying (full time positions with annual salary over 40,000 = 2 points) greatest number (1 full time position = 1 point) of jobs shall have precedence when competing for the same development resources at the same time.
- (nn) The Economic Development banks may not have their resources taken by other banks or the state. The resources of Economic Development banks may only be returned to investors/depositors upon disillusion.
- (oo) Economic Development banks shall not use deposits to fund development of bedroom communities in rural or suburban neighborhoods. Economic Development banks shall

only fund housing developments that are linked to an industrial base large enough to generate enough economic development in the area so as to provide work for buyers of the homes constructed. Developments that create over one thousand permanent manufacturing jobs and need more housing units to make the business development economically sound, or to repay a promised rate or return to depositors and make a reasonable profit are exempt. Exceptions may also be made to develop housing for seniors, retirement communities, homeless shelters, orphanages, unwed mothers, facilities for the physically challenged and low income housing in urban communities and city centers in cities with populations over one million persons.

- (pp) Each Economic Development bank may be chartered to provide capital for an unlimited number of communities, population segments, interests, developments or needs.
- (qq) Natural born U.S. citizens who are residents of California may own more than one Economic Development bank.
- (rr) Economic Development banks will pay the state any cost associated with the withholding of funds from individual investors and may direct the state to withhold and handle or not handle the funds in such a way as to make the withholding and transfer most efficient at the lowest cost or at no cost to the state.
- (ss) Employers may directly deposit or otherwise electronically transfer funds into Economic Development bank accounts.

SECTION 4. CITIZEN COOPERATIVE INVESTMENT: U.S. Citizens and residents of California may, by notifying in writing their employer or the California departments of Labor or Finance, withhold a percent or specific amount of their after tax pay and compensation to be deposited in Economic Development banks to be used to finance their economic development interests or to achieve Economic Development bank goals and objectives.

- a. Workers and self-employed citizens of the United States may open individual Economic Development accounts and may not be taxed by the state on deposits or earnings paid as return or interest by the account holding and investing bank.
- b. California employers must allow employee designated percentages of their compensation to be directly deposited into both commercial and Economic Development banks within the same pay period and all pay periods for which direct deposit electronic transfers are feasible.
- c. Employees and self-employed citizens may indicate in a signed statement or on W2 withholding forms their desire to have percentages of their compensation or specific amounts from wages owed them as compensation be deposited in Economic Development bank accounts.
- d. Funds deposited in Economic Development banks may be pooled and invested to meet the goals of the Economic Development bank.
- e. Depositors in Economic Development banks have the right to be informed of the time period of maturity and expected return rate of deposits at the time of the initial deposit and periodically throughout the duration of the economic development period.
- f. Employers shall not discriminate, intimidate, coerce or otherwise influence employees to deposit in one bank or one kind of bank account over another.
- g. Employers shall not penalize in any way an employee for indicating that he or she wishes to have monies owed them deposited into Economic Development bank accounts.
- h. Employers shall keep employee deposit records confidential unless directed otherwise by an employee or the account holding institution as part of a dispute resolution process or an attempt to maintain accuracy in accounting.
- i. Citizens may open accounts with Economic Development banks and make deposits without relying on employers or direct deposit.

SECTION 5. BUSINESS ATTRACTION: Economic Development banks may purchase raw materials, machinery and equipment or erect buildings and lease these resources to American Corporations for a low as one dollar to attract businesses to California.

- a. Economic Development banks may use the states eminent domain powers to secure undeveloped land, excluding land designated as state and national parks as of December 1, 2004, if the land is to be used to create an enterprise that will employ over one thousand Californians annually and simultaneously for as long as the enterprise exists.
- b. Businesses may not close facilities or shift production from existing facilities in California to new facilities being built or financed by Economic Development banks.
- c. Economic Development bank developments shall not be limited in size or height by zoning or other restrictions.
- d. Economic Development banks seeking to use the states eminent domain powers to procure land will do so by informing the state, the county in which the land lies and any owner or owners in writing identifying the land to be procured as well as providing payment to the property owner for the fair market value or value as determined by the counties most recent assessment plus improvements but excluding increases coming after initial development intent has been made public or otherwise deduced.

SECTION 6. COST OF DOING BUSINESS REDUCTION: Economic Development bank developments may include affordable housing, other conveniences and services for employees of business enterprises to reduce the cost of doing business in California.

- a. Businesses or individuals may contract with capitated healthcare providers for employee healthcare coverage for their employees or themselves to satisfy State healthcare coverage requirements.

SECTION 7. BUSINESS DEVELOPMENT: Economic Development banks may invest in and make loans to new small businesses and large enterprises.

- a) The state nor any division or commission acting on its behalf may not limit the amount of Economic Development bank investment in any particular enterprise or the number of investments, provided that the investing bank has the capital reserves required for the investment.
- b) Enterprises financed with Economic Development bank funds must first seek qualified lowest bid subcontractors within the state of California and when feasible – not detrimental to quality, cost or schedule – give preference in awarding subcontracts to Economic Development bank backed small businesses.
- c) Economic Development bank enterprises shall be fast tracked and shall not be ordered by any court or state authority to interrupt development unless the state can demonstrate that continued development poses an imminent threat to the safety of other Californians.
- d) The State of California - branch of the state government, county, local municipality or city government, etc. – shall not act to prevent any Economic Development bank investment enterprise or financed enterprise from breaking ground on a development for more than six months unless the state can demonstrate that the development poses an imminent threat to the safety of other Californians.
- e) Economic Development banks shall concentrate a minimum of ten percent of their efforts to find investments on markets in which there are few or no American producers of needed goods or services.
- f) Economic Development banks may use the eminent domain powers of the State of California to secure undeveloped land, excluding land designated as state and national parks as of December 1, 2004, to develop transportation or other support systems, such as privately owned and operated rail, monorail, subway, airport, heliport, airship-port etc., for one thousand employee or greater developments.

SECTION 8. JOB CREATION: Economic Development banks may invest in, buy, expand or acquire existing companies in California or Corporations within the United States.

- a) Enterprises financed by Economic Development banks may not outsource jobs to workers outside of the United States and must maximize their job creation within California.
- b) No branch of the state government, local municipality or city government may pass a law, ordinance or deny permission to operate or exclude an American company from establishing a business within its jurisdiction solely for the purpose of protecting the jobs of existing workers from other American citizen California residents seeking work.
- c) Economic Development banks and enterprises financed by Economic Development banks shall only hire workers after they have verified that applicants are citizens of the United States.
- d) The State of California may pass no law nor make any effort to prevent citizens or American companies (companies owned by citizens of the United States) from identifying, promoting or differentiating products made by American workers.

SECTION 9. FREE-MARKET CAPITALIST COMPETITION AND CONSUMERS:

Providing for our needs and guaranteeing our freedom, independence and inalienable rights - enjoying and defending life and liberty, acquiring, possessing, and protecting property, and pursuing and obtaining safety, happiness, and privacy – is easier when our needs – products, goods, and services – require less capital; therefore, state and local governments should seek to promote not hinder free-market capitalism.

- a) All consumers and Californians benefit from free-market competition and from enterprises that buy in bulk and pass the savings on to consumers. Consequently, no branch of the state government, county, local municipality or city government may pass a law, ordinance or deny permission to operate or exclude an American company from establishing a business within its jurisdiction solely because the business is a “big box” enterprise.
- b) No branch of the state government, county, local municipality or city government may require “big box” enterprises to meet any requirements not required of all other businesses within the state.

SECTION 10. SOCIAL AND ECONOMIC JUSTICE: Economic Development banks may invest in affordable housing developments in urban, blighted, economically depressed or undeveloped areas.

- a) Economic Development banks may use the states eminent domain powers to secure land to develop affordable housing units, other conveniences and services in blighted areas of city centers and historically challenged neighborhoods.
- b) Economic Development banks seeking to use the states eminent domain powers to procure land will do so by informing the state, the county in which the land lies and any owner or owners in writing identifying the land to be procured as well as payment for the fair market value or value as determined by the counties most recent assessment excluding increases coming after initial development intent having been made public.
- c) Economic Development bank affordable housing and other urban renewal developments may not be limited in height or size by zoning limits or other restrictions.
- d) Economic Development bank developments devoted to achieving social and economic justice for historically challenged population segments shall not be limited by zoning or other non-safety related aesthetic restrictions.